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**ARIZONA CORPORATION COMMISSION**

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Chairman

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September 18, 2009

Mr. Donald Kimball  
Chief Executive Officer  
Arizona Electric Power Cooperative  
1000 South Highway 80  
Benson, Arizona 85602

**Re: Request for information regarding AEPCO's 2010 RES Implementation Plan and Cooperatives' renewable energy programs.**

Dear Mr. Kimball:

It has come to my attention in recent days that a number of Arizona cooperatives have suspended their residential distributed solar programs because of strong customer interest in installing solar systems which has resulted in full subscription to the programs and an apparent lack of funding.<sup>1</sup> As a strong proponent of distributed generation, I am very interested in making sure that Arizona's utility companies are responding to customer demand for solar energy. The decision to suspend the cooperative's solar programs concerns me greatly, and I write to inquire about plans to restore funding for residential solar programs.

Specifically, I am interested in learning the details behind the suspension of distributed generation programs, the nature and number of systems installed this year over last at AEPCO's member cooperatives, whether the suspension of the cooperatives' program reflects the intake of reservations, planned installations or actual installations, whether the strong customer response apparently being experienced in AEPCO member service territories suggests that the cooperatives will meet their distributed generation requirements this year, and whether the cooperatives intend to continue accepting reservations pending the availability of funds.

Additionally, I would like AEPCO to identify its intentions for distributed generation programs, namely whether AEPCO or its member Cooperatives plan to ask for additional funds for this year in an expeditious manner, request additional funds in 2010 RES Implementation Plans to meet this need or address incentive levels that would allow program funds to stretch farther. Moreover, does this year's response suggest a need for other changes to the reservation system to prevent reservations from tying up funds for other projects?

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<sup>1</sup> See e.g., Comments by American Solar Electric, Inc., to Docket No. E-01773A-09-0335, Sept. 15, 2009.

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Finally, I am concerned about the question whether AEPCO is dispensing all funds held over from the Environmental Portfolio Surcharge to its membership which could alleviate some of the funding problems currently being experienced.

Please provide the requested information as a supplement to AEPCO's 2010 RES Implementation Plan and detail any immediate plans to address the funding shortfall in AEPCO or its cooperatives' distributed generation programs in a letter to my Office. I look forward to reviewing this information and any proposals you may outline.

I consider this a matter of urgency and request your timely attention to it.

Sincerely,

A handwritten signature in black ink, appearing to read "Kris Mayes", with a stylized, flowing script.

Kris Mayes  
Chairman

Cc: Commissioner Gary Pierce  
Commissioner Sandra Kennedy  
Commissioner Paul Newman  
Commissioner Bob Stump  
Ernest Johnson  
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